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Ross Introduces Student Loan Repayment Bill

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Washington, September 27, 2016 | [0 comments](#)

WASHINGTON, D.C. Sept. 27, 2016 – U.S. Rep. Dennis A. Ross (R-FL-15), Senior Deputy Majority Whip, today introduced the Student Loan Repayment Act, which will allow employers to receive tax credits for hiring employees with student loans and for setting up an employee-employer match program for student loan repayments.

“Unfortunately, most students today are saddled with extraordinary debt and are entering one of the weakest economic recoveries in history,” said Ross. **“More than 43 million Americans owe nearly \$1.3 trillion in student loans, with a repayment delinquency rate of 11.6 percent. That’s more than \$150 billion in student loan delinquency, not including interest. This is a serious problem we cannot continue to ignore.**

“The legislation I introduced today will not only help students pay back their student loans quicker, but will also provide tax incentives to employers who hire individuals with student loans and take part in the employee-employer repayment match program. Overall, this bill is designed to help students become gainfully employed and pay off their loans while employers are benefitted by hiring skilled and educated employees with a vested interest in long-term employment.

“As the father of two sons and a former small business owner, I know first-hand the important role education plays in today’s society. Students are the foundation of our country’s future, and we must ensure they have the ability to afford a college education and compete in an increasingly global marketplace without being bogged down by crippling debt. As we focus on helping students repay their student loans, improve their credit, and contribute to society, I will continue working with my colleagues on solutions to create jobs and boost our economy.”

Student Loan Repayment Act:

- Adds employees with student loans as a qualifying population to the Work Opportunity Tax Credit (*see* I.R.C. § 51):
 - o The employee must be an individual with an associate’s degree or higher; and

- o who has at least \$10,000 in student loan debt.
- Will allow for a \$1,500-tax credit to employers to implement a repayment match program.
 - o This tax credit is available for each program enrollment by an employee.
 - o This credit is spread over three years (\$500 per year).
 - o In order to receive this credit, employers must meet a minimum qualifying match contribution of \$2,000 per year.
- Repayment match program contributions made by the employer are considered income to the employee.
 - o The employee will be required to pay standard income taxes on contributions paid by the employer.
 - o The employer will be allowed an I.R.C. § 162 deduction for qualified matching contributions.
 - o The first year a § 162 deduction may be taken by the employer is the taxable year the employer begins participating in the match program.
- This bill does not provide a bailout or exempt students from repaying their incurred student loan debt. Instead, it benefits employees by assisting in the payoff of their student loans and incentivizing them to retain employment.
- The repayment match program created by this bill is completely voluntary by the employer, and is used as an option to incentivize hiring, employee retention and student loan repayment.

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